How new Medicare drug plans will provide you with high-quality, lower-cost drug coverage

All Medicare drug plans must make sure that the people in their plan can get the drugs their doctor says they need. When you get Medicare prescription drug coverage, you pay part of the costs, and Medicare pays part of the costs. People with limited income and resources may qualify for extra help that can lower or even eliminate out-of-pocket costs for this coverage.

Each plan must meet a standard of coverage set by Medicare. However, plans can vary on which pharmacies they use, which drugs they cover and how much they charge.

Plans design your access to drug coverage using a variety of methods. Some of the proven methods plans use to design coverage are listed below. Becoming familiar with these terms will help you make choices about your coverage.

- Network Pharmacies,
- List of covered drugs (Formulary),
- Prior Authorization, and
- Quantity Limits.

Network Pharmacies

Medicare drug plans will contract with a number of pharmacies that are part of the plan's "network." Your plan may not cover your prescription if you don't go to a network pharmacy. Your plan's network may include preferred pharmacies, a mail-order program, and a 60 to 90-day retail pharmacy program.

- **Preferred Pharmacies**
  If your plan has preferred pharmacies, it may be in your best interest to use them. Your prescription costs (such as a copay or coinsurance) may be less at a preferred pharmacy because it has agreed with your plan to charge less.
- **Mail-Order Programs**
  Some plans may offer a mail-order program that allows you to get up to a 90-day supply of your covered prescription drugs sent directly to your home. This is usually a cost-effective and convenient way to fill your prescriptions

Network Pharmacies (continued)

- **60 to 90-Day Retail Pharmacy Programs**
  Some retail pharmacies may offer a 60 or 90-day supply of covered prescription drugs.

List of covered drugs (Formulary)

Each Medicare drug plan will have a list of prescription drugs that it will cover. Plans cover both generic and brand-name prescription drugs. These drugs must be approved by the FDA (Food and Drug Administration) as safe and effective.

The drug lists must include a range of drugs in the most commonly prescribed categories and classes. This makes sure that people with different medical conditions can get the treatment they need. To have lower costs, many plans place drugs into different "tiers." Each plan can form their tiers in different ways. Here is an example of how a plan might form its tiers.

Example:

- **Tier 1**—Generic drugs. Tier 1 drugs will generally cost you the least.
- **Tier 2**—Preferred brand-name drugs. Tier 2 drugs will generally cost you more than Tier 1 drugs.
- **Tier 3**—Non-preferred brand-name drugs. Tier 3 drugs will generally cost you more than Tier 1 and Tier 2 drugs.

The drug list may not include your specific drug. However, in most cases, a similar drug that is safe and effective should be available. If a plan changes its drug list during the year, the plan must notify you of the change.

Generic Drugs

According to the FDA, a generic drug

- is the same as a brand-name drug in active ingredients, dosage, safety, strength, how it is taken, how it works in the body, quality, performance and intended use.
- is safe and effective.
- has the same risks and benefits as the original brand-name drug.

Generic drugs are less expensive because generic drug companies don't have to pay for costly clinical trials. Generic drugs are thoroughly tested and must be approved by the FDA. Today, almost half of all prescriptions are filled with generic drugs.

Prior Authorization

Some drugs are more expensive than others even though some less expensive drugs work just as well. Other drugs may have more side effects, or have restrictions on how long they can be taken. To be sure certain drugs are used correctly and only when truly necessary, plans may require a "prior authorization." This means before the plan will cover these prescriptions, your doctor must first contact the plan and show there is a medically-necessary reason why you must use that particular drug for it to be covered.

Step Therapy

Step therapy is a type of prior authorization. With step therapy, in most cases, you must first try certain less expensive drugs that have been proven effective for most people with your condition. For instance, some plans may require you to first try a generic drug (if available), then a less expensive brand-name drug on their drug list, before you can get a similar, more expensive brand-name drug covered.

However, if you have already tried the similar, less expensive drugs and they didn't work, or if your doctor believes that your medical condition makes it medically necessary for you to be on the more expensive step-therapy drug, he or she can contact the plan to request an exception. If your doctor's request is approved, the step-therapy drug will be covered.

Example of step therapy for someone who needs a drug to treat heart burn:

Step 1–Your doctor prescribes ranitidine. If you have side effects or limited improvement, you go to Step 2.

Step 2–Your doctor prescribes omeprazole. If you have side effects or limited improvement, you go to Step 3.

Step 3-Your doctor prescribes Nexium®, the step-therapy drug.

Quantity Limits

For safety and cost reasons, plans may limit the quantity of drugs that they cover over a certain period of time. For example, people prescribed Nexium® should take one capsule per day. Therefore, a plan may cover only a 30-day supply of Nexium® at a time (up to 90-day supply if filled through a plan's mail order or 90-day retail pharmacy program).

What do I do if my plan won't cover a drug I need?

If your plan won't cover a drug you need, you can request a coverage determination. You have the right to request a coverage determination by your plan if

- you need a drug that isn't on your plan's formulary, or
- your plan covers a drug but charges you more than you think you are required to pay.

What do I do if my plan won't cover a drug I need? (continued)

You may also pay for the prescription yourself, and request that the plan pay you back by requesting a coverage determination.

You, your doctor, or someone you ask to act on your behalf can call or write to your plan to request that the plan cover the prescription you need. Once your plan receives the request, it has 72 hours (for a standard request for coverage) or 24 hours (for an expedited request for coverage) to make its decision.

Note: For some types of coverage determinations, you will need a supporting statement from your doctor that explains why you need a certain drug. Check with your plan to find out if a supporting statement is required. Once your plan receives the statement, its decision-making period begins.

If the plan decides not to cover your drug, you can appeal the decision. When you enroll in a Medicare drug plan, the plan will send you information about the plan's appeal process. Read the information carefully and call the plan if you have questions.

For more information about Medicare prescription drug coverage...

Read the "Medicare & You 2006" handbook that you get in the mail in October 2005. It will include more detailed information about Medicare drug plans, including which plans will be available in your area. If you need help choosing a Medicare drug plan that meets your needs, you can

- visit www.medicare.gov on the web and select "Search Tools" to get personalized information. In the fall of 2005, you will be able to get detailed information about the drug plans in your area. You will be able to check whether your drugs are covered by a plan and what your costs would be.
- call your State Health Insurance Assistance Program (see your copy of the "Medicare & You 2006" handbook for their telephone number).
- call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For more information about your Medicare drug plan...

Contact your Medicare drug plan. The contact information should be in your member materials, or on your membership card.

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